



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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25 AUGUST 1966

~~TOP SECRET~~

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1. Communist China

Mao clearly has lost confidence in the high-level brass of the party and is bypassing it as he plunges ahead toward new "revolutionary" excesses.

Carrying out a function that normally would be handled by the regular party machinery, wild-eyed mobs of teenagers, the "Red Guards," are rampaging through the streets of major Chinese cities on witch hunts for all vestiges of the old society--and for real or imaginary enemies of Mao.

2. Communist China

Peking's trade is turning more and more toward the free world as the Chinese, largely through their own efforts, become increasingly isolated from fellow Communist states.

This trend was first noted in 1965 when about 70 percent of China's total trade--\$3.7 billion--was with non-Communist countries. Now, Japan has replaced the Soviet Union as China's leading trade partner, and business with the industrial nations of Western Europe is up sharply. Grain accounts for a good share of Peking's imports from the West but there is a significant growth in imports of machinery and complete industrial plants.

3. Indonesia

Another strong plea for US economic assistance was made yesterday by two of Suharto's top advisers.

The two generals told Ambassador Green that Suharto is determined to get Indonesia out of its fiscal mess and that a basic economic stabilization program--"a real austerity program"--will be drawn up during the next week.

4. Soviet Union

A top-level Soviet official may be planning a trip to Chile.

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We do not know who might go although President Podgorny would be a likely candidate. Nor do we know who took the initiative, Moscow or Santiago.

Any visit by a senior Soviet would include further efforts to woo Chilean President Frei away from ties with the US.

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5. West Germany

Erhard today appointed replacements for two of the three generals who tendered their resignations.

While this move is intended to make it clear that the military establishment is run by civilians in postwar Germany, the chancellor is by no means out of the woods--there are rumors that six more generals plan to resign, and the cry for Defense Minister Von Hassel's head is mounting.

6. Canada

A nationwide railway strike is scheduled for tomorrow, and parliament will go into an emergency session on Monday to find some way out.

An increase in freight rates to help the railways meet the cost of settlement is one likely proposal. The wheat harvest is in full swing now and the strike will create a crisis as it disrupts shipments to grain elevators. Shipments to the Soviet Union and other large-volume buyers also will be affected.

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